

Health Insurance Partnership



Washington State Health Care
Authority

Legislative Intent

“To remove economic barriers to health insurance coverage for low-wage employees of small employers by building on the private sector health benefit plan system and encouraging employer and employee participation in employer-sponsored health benefit plan coverage.”

Shared Responsibility

- Employer
- Employee
- State

Unique Features

The HIP has several features unavailable (or unavailable as a package) in the current small group market


1. Section 125
2. Employee choice
3. Subsidy for employees

HIP Participants

- Small employers who employ at least one subsidy-eligible individual
 - Their employees
 - Their former employees
- HIP is their plan sponsor or administrator
- Establish a Section 125 cafeteria plan (premium only)

Eligibility for Premium Subsidies

- Eligibility criteria for employees:
 - Washington State resident
 - Family income that does not exceed 200% of the Federal Poverty Level
 - Employed or formerly employed by a participating small employer



Administrator (HCA) Duties

- Develop procedures for enrollment
- Provide technical assistance to set up Section 125 plans
- Collect premium payments and transmit payments to carriers
- Design premium subsidy scale and determine employee eligibility
- Make premium subsidy payments
- Publicize and market program to small employers

HIP Board

- 7-member board appointed by the Governor
- Chaired by the HCA Administrator
- Persons with expertise in the health insurance market and benefit design

Board Duties

- Develop policies for enrollment of small employers
- Designate at least four health benefit plans that qualify for premium subsidy payments
- Approve mid-range benefit plan to be the benchmark plan for calculating premium subsidies
- Determine appropriate rating methodologies, based on small group adjusted community rate

Designated Health Benefit Plans

- At least 4 plans with benefits ranging from catastrophic to comprehensive
- Must be offered in the current small group market

Board Studies

Preliminary study by December 1, 2008

- Implementation plan to incorporate the Individual and Small Group markets into the HIP:
 - Utilization of services and cost of plans
 - How applying Small Group regulations impacts access and cost of coverage
 - Board composition

Board Studies

Final study by September 1, 2009

- Risks and benefits of additional markets participating in the HIP:
 - High risk pool
 - Basic Health Plan
 - Public Employees' Benefit Board
 - Public school employees
 - Individual and Small Group markets (final recommendations)
- Impacts of additional markets on utilization of services and cost of plans
- Distinction between active and retired PEBB employees
- How applying Small Group regulations impacts access and cost of coverage
- Board composition
- Risks and benefits of an individual mandate and how it should be enforced

Implementation Milestones

- October 2007:
 - HIP Board convened
- September 1, 2008:
 - Rules effective
 - Accept applications
- January 1, 2009:
 - Coverage begins

Challenges

- Individual selection and rating
- Subsidy funding
- Funding of administrative expenses
- Potential conflicts with state/federal law
- Employer eligibility
- Program set-up

Recommendations

- Implementation schedule
- Amend the legislation
- Commitment to future subsidy funding

Progress Update

- Board has met three times and is focusing on the intent of the program to:
 - Make policy decisions
 - Find solutions for implementation challenges
 - Develop a program that is sustainable and successful
- Assisted by a Technical Advisory Committee and HCA staff

Progress Update

- HCA is setting the program infrastructure by:
 - Supporting the Board in its duties
 - Reviewing how policies will shape the HIP
 - Working with a consultant to develop the RFP for a third-party administrator
 - Consulting with other states and national experts

Partners

- Committed Board, chaired by HCA administrator
- Governor and Governor's staff
- Legislators and legislative staff
- Office of the Insurance Commissioner
- Technical Advisory Committee
- Consultants
- Attorney General's office

For more information

Visit our website at www.hip.hca.wa.gov